

A. ESTABLISHMENT OF QUORUM AND ROLL CALL

The regular meeting of the Board of Agriculture & Conservation (BAC) was held September 4, 2008 at the Division of Agriculture conference room, 1800 Glenn Highway, St.12, Palmer, Alaska. Vice Chair Ben VanderWeele called the meeting to order at 2:30 p.m.

Boardmembers present and establishing a quorum were:

Mr. Ben VanderWeele, Vice Chair
Mr. John Schirack, Boardmember
Ms. Ruby Hollembaek, Boardmember
Mr. Al Poindexter, Boardmember
Mr. Omar Stratman, Boardmember
Mr. Ralph Carney, Boardmember

Absent Chair: Ms. Kristan Cole

Staff in attendance was:

Ms. Franci Havemeister, Director
Ms. Lora Haralson, Administrative Assistant
Ms. Candy Easley, Loan Officer
Mr. Robert McFarlane, AAG, Dept. of Law
Mr. Ray Nix, Natural Resource Specialist
Mr. Erik Johnson, Natural Resource Specialist
Ms. Bonnie Bladlow, ARLF Accountant, Support Services
Ms. Pauline Henrique, State Auditor, Legislative Affairs

B. APPROVAL OF AGENDA

Vice Chair VanderWeele amended the agenda to:

- Add under G. Alaska Grown Logo Regulation
- Add under E. (2) Division Update - Local Grown Challenge

MOTION: Boardmember Carney moved to approve the agenda as amended.
Boardmember Stratman seconded.

VOTE: The motion passed without objection.

C. PUBLIC COMMENTS/SESSION

Lynn Gattis asked if she could have a copy of the Agriculture Strategic Plan and in the future requested that the public comment/session be held at the end of the Board meetings.

Director Havemeister indicated the plan was still in the draft stage and should be ready for public distribution by the end of the year.

Wayne Brost asked if he could attend the Executive Session with Kyle Beus.
Vice Chair VanderWeele approved the request.

D. MINUTES OF PRECEDING MEETING

MOTION: Boardmember Carney moved to approve the minutes of June 27, 2008.

Boardmember Stratman seconded.

VOTE: The motion passed without objection.

E. REPORTS/CORRESPONDENCE

1. Financial Services

ARLF Accountant Bladlow

- Presented an overview of the May 30, 2008 financial statements and reported that the FY08 end financial statements are in the process of closeout and will be in the next board packet.

2. Division Update

Director Franci Havemeister

- Introduced Robert McFarlane as the new AAG.
- Presented an update regarding Division activities.
- Reported that she had met with Department of Corrections Commissioner Schmidt regarding transitioning Mt. McKinley Meat & Sausage (MMM&S) to the Palmer Correction facility and that Chad Padgett, USDA Farm Service Agency has grants that could assist with the transition. However, nothing has been finalized and she ensures the Board they would have input regarding the issue.

3. Agriculture Strategic Plan

Director Franci Havemeister:

- Stated that the agriculture strategic plan is in the draft stage, would like to have a final product by the end of the year and asked that it be put on the next agenda.

Boardmember Questions/Comments for Director:

- Boardmember Poindexter asked that the Board be included in the agriculture strategic plan formation and wants the Board to be included in the MMM&S issue.
- Boardmember Stratman asked about the status of Mt McKinley Meat & Sausage.

F. FIRST EXECUTIVE SESSION

MOTION: Boardmember Carney moved to go into the Executive session for the purpose of meeting with Kyle Beus and Wayne Brost due to the confidential nature of financial information that will be discussed. The session will include Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Ruby Hollembaek, Boardmember Omar Stratman, Boardmember Al Poindexter, Boardmember Ralph Carney, Director Franci Havemeister, State

Auditor Pauline Henrique, AAG Robert McFarlane and Administrative Assistant Lora Haralson.
Boardmember Stratman seconded.

VOTE: The motion was passed without objection.

E. REPORTS/CORRESPONDENCE (resumed)

4. Asset Report

Asset Manager Ray Nix:

- Gave a verbal update on the asset report.
- Updated the Board regarding the Mat Maid Disposal.
 - The competitive sealed bid closed on August 21, 2008.
 - One responsive bid was received in the amount of \$1,527,521.99.
 - The purchase and sale agreements were executed and the documents have been forwarded to McKinley Title for closing.
 - The closing is scheduled for September 11, 2008.
 - There were other parties interested in the property, but they could not submit a bid due to a clause stating cash must be in place at the time of the bid submittal. He suggested that we look at the clause in the next sealed bid.

ARLF Disposal Palmer Property

Asset Manger Ray Nix:

- Distributed the appraisal dated February 13, 2008 to the Board.
- Stated in the appraiser's opinion the fair market value of the property was \$1,318,000 surface fee-simple estate (fee-simple less any mineral, oil or gas rights).
- Reviewed the disposal options pursuant to the regulations.
- Reported that there is an unresolved issue regarding the waterline serving the Palmer improvements that is currently being addressed.
- Reported that selling property in the winter is harder than the fall or summer.
- Recommended timeline for disposal would be:
 - 10/04/08 Public Notice
 - 10/04/08 Brochure Issued
 - 11/14/08 Deadline for Submission of Bids (1 PM)
 - 11/14/08 Notice of Award to Purchase
 - 01/14/09 Deadline for Closing
- Recommended the BAC authorize the Director or designee to dispose of the ARLF real property located at 513 South Valley Way, Palmer, Alaska, by Competitive Sealed Bid with a minimum acceptable bid of \$1,318,000.

The Board held a discussion regarding the water situation and the appraised value.

MOTION: Boardmember Stratman moved to table the ARLF Disposal of the Palmer Property to the next board meeting to be held in October in order to have Chair Cole further review the bid amount and to receive her expertise on the property.

Boardmember Hollembaek seconded.

VOTE: The motion was passed without objection.

Loan Officer Easley asked permission for Glenn Proudfoot, Bering Pacific Ranches to do a short presentation on their project and he has asked to be included in the Executive Session because of the financials that will be discussed.

Loan Officer Easley asked permission for Erik Johnson, Division of Agriculture who is charge of the grazing leases to be included in the Executive Session because he assisted her with the grazing fee issue for Bering Pacific Ranches.

F. SECOND EXECUTIVE SESSION

MOTION: Boardmember Stratman moved to go into the Second Executive Session for matters the immediate knowledge of which would clearly have an adverse effect upon the finances of a public entity. Items that will be discussed are Bering Pacific Ranches – Umnak Island Lease, Boyd – Subdivision Non-Objection Request and Twohy – Subdivision Non-Objection Request. The session will include Glenn Proudfoot, Bering Pacific Ranches and Erik Johnson, Natural Resource Specialist, Division of Agriculture for the presentation of Bering Pacific Ranges – Umnak Island Lease only.

The entire Second Executive Session will be attended by Vice Chair Ben VanderWeele, Boardmember John Schirack, Boardmember Ruby Hollembaek, Boardmember Omar Stratman, Boardmember Al Poindexter, Boardmember Ralph Carney, Director Franci Havemeister, State Auditor Pauline Henrique, AAG Robert McFarlane, Loan Officer Candy Easley and Administrative Assistant Lora Haralson.

Boardmember Carney seconded.

VOTE: The motion was passed without objection.

PUBLIC SESSION ACTION ITEMS

MOTION: Boardmember Stratman moved to go out of Executive Session and return to Regular Session.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

PUBLIC SESSION ACTION ITEMS

5. Bering Pacific Ranches, Ltd. Lease Request Approved
& Alaska Natural Meats, Ltd.

MOTION: Boardmember Carney moved to approve the Bering Pacific Ranches, Ltd. and Alaska Natural Meats, Ltd. lease as presented with general conditions as stated as recommended by the loan officer:

1. Twenty-five year lease term with one option to renew at term expiration.
2. Payable at \$3,926 annually with five year adjustments.
3. Property & General Liability Insurance Requirements to remain as a Lease and/or Loan requirement; however, is waived at this time as it is not available at a commercially reasonable cost.

Boardmember Stratman seconded.

Boardmember Poindexter stated he needs more education regarding Alaska's lease policy for grazing lands around the State.

Director Havemeister indicated that the regulations are being worked on and she will have National Resource Specialist Erik Johnson prepare a report for the Board to be presented at the next BAC meeting.

VOTE: The motion was passed without objection.

6. Boyd Subdivision Non-Objection Request Approved

MOTION: Boardmember Carney moved to approve the Dace C. Boyd - Subdivision Non-Objection to the "Boyd South" subdivision as approved by the Matanuska Susitna Borough.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

7. Twohy Subdivision Non-Objection Request Approved

MOTION: Boardmember Carney moved to approve the Brian J. & Sonia M. Twohy request for Non-Objection to Subdivision of Pt. MacKenzie Tract 15 to Similar Tracts as approved by the Matanuska Susitna Borough.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

MOTION: Boardmember Carney moved that the Division of Agriculture draft a letter to Commissioner Irwin recommending that he do whatever he can to resolve the issue with the Matanuska Dairy's quarantined cheese and the letter to be signed by the Board of Agriculture Chair.

Boardmember Schirack seconded.

VOTE: The motion was passed without objection.

G. NEW/OLD BUSINESS

Director Havemeister reported that the Alaska Grown Regulations will be going out for public comments in October and she will ensure that the Board will receive a copy for public comments.

Boardmember Carney asked about the email from Bill Ward regarding aide for the Northern Region.

Director Havemeister replied to Mr. Ward that the Division has no funding and to contact Chad Padgett at USDA.

H. BOARDMEMBER COMMENTS

Boardmember Hollembaek:

- Commented regarding the high cost of fertilizer plus the increase of fuel and electricity costs.
- Stated producers are asking the Division of Agriculture to provide assistance by a production credit, financial credit and a fuel subsidy to counter the increase of fuel and electricity costs.
- Reported that the producers were disappointed that the Division of Agriculture's past operating expenses were paid out of ARLF.

Vice Chair VanderWeele, Boardmember Poindexter and Boardmember Stratman indicated that those same concerns are being felt in the Southcentral, Kenai Peninsula and Kodiak regions.

Boardmember Carney commented that according to regulation and statute, the BAC's function is to give loans and oversee the ARLF.

Director Havemeister:

- Commented that the Division can assist on a small scale and suggested the farmers and producers contact USDA Farm Service Agency for the larger projects.
- The decision to fund the Division's operating expenses was done by the Legislature.
- The Division is now funded by the State General Fund.

Boardmember Poindexter stated that if the BAC wants to be more involved in agriculture, they need to contact the State Legislature and the statutes and regulations that govern the Board need to be revised.

Vice Chair VanderWeele commented that former employee Gail Marshall had passed away.

Director Havemeister has sent a card on behalf of the Division.

I. SET NEXT MEETING & AGENDA ITEMS

The next Board of Agriculture & Conservation will be held on Thursday, October 9, 2008 at 2:30 p.m.

Agenda Items:

- Agriculture Strategic Plan, Franci Havemeister, Director
- Mt. McKinley Meat & Sausage (MMM&S), Frank Huffman, Plant Manager.
- ARLF Palmer Property Disposal, Ray Nix, Natural Resource Specialist
- Grazing Report - Erik Johnson, Natural Resource Specialist

J. ADJOURNMENT

MOTION: Boardmember Schirack moved to adjourn.
Boardmember Poindexter seconded.

VOTE: The motion passed without objection.

The meeting was adjourned at 8:10 p.m.